

REMARKS

Summary of the Office Action

Claims 1-35 were pending.

Claims 1-35 have been rejected under 35 U.S.C. § 102(e) as being anticipated by Edelman U.S. Patent No. 6,064,986 (“Edelman”).

Applicants’ Reply

Applicants have amended independent claims 1, 18 and 35, and present a new claim 36 to clarify the invention. Applicants respectfully traverse the prior art rejections.

§ 102(e) Rejection

Applicants’ invention relates to the risk management of investments made by an individual to achieve a particular goal. In particular, independent claims 1, 18 and 35 require processing of the individual’s financial information and the individual’s risk tolerance characteristics (e.g., tolerance of declines in asset value or underachievement of the desired goal). This information processing is designed to generate “an asset allocation requirement to achieve the particular financial goal.”

Edelman does not show, teach or suggest at least these elements of applicants’ claims. Edelman describes a computerized scheme to create, maintain or administer customer accounts. (See e.g., Abstract). As correctly noted by the Examiner (Office Action ¶ 2), Edelman describes setting up customer investment or retirement accounts. (See e.g., FIGS. 14-17). Edelman’s computerized scheme involves recording and tracking customer investments and account activity. (See e.g., FIGS. 10 and 11). Edelman describes computerizing conventional administrative or accounting functions for recording or monitoring redemptions, transactions, income taxes, disbursements to beneficiaries, etc. (See e.g., FIGS. 12-13). Unlike applicants,

Edelman is not concerned with the management of investment risk. Applicants note that Edelman makes at most a passing reference to conventional modifications of investments that are usually made manually by human representatives or financial trustees over time. (See e.g., FIG. 12 element S38, and col. 21 lines 16-24). However, Edelman does not show, teach or suggest managing investment risk with reference an individual's risk tolerance or to achieve a particular goal as is required by applicants' claims 1, 18 and 35.

Therefore, independent claims 1, 18 and 35 are patentable over Edelman. Further claims 2-17 and 19-34, which depend from independent claims 1 and 18, respectively, also are patentable over Edelman for at least the same reasons as the independent claims.

New Claim 36

Claim 36, which like claim 35 is directed to a financial engine, explicitly brings out another feature of applicants' invention. In particular, claim 36 recites that the one financial indicator computed as a function of the financial information and the further information is "a rate of return consistent with the investor's risk tolerance." No new matter has been added. (See e.g., Specification, FIG. 2 step 230).

Applicants respectfully submit that claim 36 is patentable over Edelman and the prior art. Prior art financial planning involves use only of arbitrary or ad hoc rates of return that are not directly related to an investor's level of risk tolerance. These ad hoc rates of return may, for example, be rates of return that are desired by an investor. (See e.g., Specification, Background Information section, page 2 line 19- page 3 line 3).

Edelman, as noted above, relates to a computerized scheme to create, maintain or administer customer accounts. Edelman, like the prior art noted in the Background Information section of the instant application, employs only ad hoc or arbitrary rates of return for the

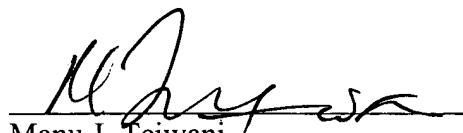
computerized customer accounts. These ad hoc rates of return can be based on customer whim or arbitrary choice. (See e.g., Edelman, col 17 line 64- col. 18 line 3). Edelman recommends particular trust and annuity, or tax deferred investments as providing higher rates of return than fixed rate investments. (See e.g., Edelman, col. 10 lines 7-23). However, Edelman does not compute or determine a rate of return appropriate to a customer's risk tolerance by processing information on the customer's risk tolerance. In particular, Edelman does not show, teach or suggest "determination of a rate of return which is consistent with an investor's risk tolerance," which is required by claim 36.

Accordingly, claim 36 is patentable over the cited prior art.

Conclusion

Applicants respectfully submit that this application is now in condition for allowance. Reconsideration and prompt allowance of which are requested. If there are any remaining issues to be resolved, applicants respectfully request the Examiner to kindly contact the undersigned attorney by telephone for an interview.

Respectfully submitted,


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